

# **QUARTERLY REPORT**

**LICENSEE    TRUMP TAJ MAHAL CASINO RESORT**

**FOR THE QUARTER ENDED    DECEMBER 31, 2001**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# BALANCE SHEETS

AS OF DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	DECEMBER (c) 2001	DECEMBER (d) 2000
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	42,066	40,460
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for..... Doubtful Accounts - 2001, \$10,036; 2000, \$8,575)..... NOTE 2 & 7.....	21,089	21,416
4	Inventories.....	5,009	5,338
5	Prepaid Expenses and Other Current Assets.....	2,839	3,095
6	Total Current Assets.....	71,003	70,309
7	Investments, Advances, and Receivables - CRDA..... NOTE 7.....	15,478	13,496
8	Property and Equipment - Gross..... NOTE 2 & 3.....	1,083,648	1,067,759
9	Less: Accumulated Depreciation and Amortization..... NOTE 2 & 3.....	(211,280)	(180,110)
10	Property and Equipment - Net.....	872,368	887,649
11	Other Assets..... NOTE 6.....	81,871	59,857
12	Total Assets.....	1,040,720	1,031,311
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	16,343	16,623
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other..... NOTE 4.....	2,129	1,131
17	Income Taxes Payable and Accrued.....	-	-
18	Other Accrued Expenses..... NOTE 5.....	28,007	33,154
19	Other Current Liabilities.....	9,702	5,812
20	Total Current Liabilities.....	56,181	56,720
	Long-Term Debt:		
21	Due to Affiliates..... NOTE 4.....	800,000	800,000
22	Other..... NOTE 4.....	4,162	535
23	Deferred Credits.....	-	-
24	Other Liabilities.....	4,053	1,735
25	Commitments and Contingencies..... NOTE 7.....		
26	Total Liabilities.....	864,396	858,990
27	Stockholders', Partners', or Proprietor's Equity.....	176,324	172,321
28	Total Liabilities and Equity.....	1,040,720	1,031,311

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	REVENUE:		
1	Casino.....	525,115	538,322
2	Rooms.....	34,926	36,045
3	Food and Beverage.....	55,936	56,828
4	Other.....	17,839	20,195
5	Total Revenue.....	633,816	651,390
6	Less: Promotional Allowances..... NOTE 2.....	61,393	63,043
7	Net Revenue.....	572,423	588,347
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	290,413	294,857
9	Selling, General and Administrative.....	140,942	144,376
10	Provision for Doubtful Accounts.....	2,901	2,561
11	Total Costs and Expenses.....	434,256	441,794
12	Gross Operating Profit.....	138,167	146,553
13	Depreciation and Amortization..... NOTE 2.....	33,821	35,585
	Charges from Affiliates Other than Interest.....	-	-
14	Management Fees.....	-	-
15	Other..... NOTE 6.....	6,159	9,530
16	Income (Loss) from Operations.....	98,187	101,438
	Other Income (Expenses):		
17	Interest Income (Expense) - Affiliates..... NOTE 4.....	(92,733)	(93,066)
18	Interest Income (Expense) - External..... NOTE 4.....	(577)	(318)
19	Investment Alternative Tax and Related Income (Expense) - Net..... NOTE 7.....	(2,330)	(3,669)
20	Nonoperating Income (Expense) - Net.....	1,455	2,235
21	Total Other Income (Expenses).....	(94,185)	(94,818)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	4,002	6,620
23	Provision (Credit) for Income Taxes.....	-	-
24	Income (Loss) Before Extraordinary Items.....	4,002	6,620
25	Extraordinary Items (Net of Income Taxes- 2001, \$ ____ ; 2000, \$ ____ ).....	-	-
26	Net Income (Loss).....	4,002	6,620

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	REVENUE:		
1	Casino.....	124,436	123,388
2	Rooms.....	8,587	8,710
3	Food and Beverage.....	13,465	14,086
4	Other.....	4,250	5,209
5	Total Revenue.....	150,738	151,393
6	Less: Promotional Allowances..... NOTE 2.....	14,810	14,591
7	Net Revenue.....	135,928	136,802
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	70,268	73,153
9	Selling, General and Administrative.....	33,488	33,772
10	Provision for Doubtful Accounts.....	738	717
11	Total Costs and Expenses.....	104,494	107,642
12	Gross Operating Profit.....	31,434	29,160
13	Depreciation and Amortization..... NOTE 2.....	8,580	8,549
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other..... NOTE 6.....	1,183	2,204
16	Income (Loss) from Operations.....	21,671	18,407
	Other Income (Expenses):		
17	Interest Income (Expense) - Affiliates..... NOTE 4.....	(23,154)	(23,234)
18	Interest Income (Expense) - External..... NOTE 4.....	(232)	(44)
19	Investment Alternative Tax and Related Income (Expense) - Net..... NOTE 7.....	(539)	(1,557)
20	Nonoperating Income (Expense) - Net.....	808	1,373
21	Total Other Income (Expenses).....	(23,117)	(23,462)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(1,446)	(5,055)
23	Provision (Credit) for Income Taxes.....	-	-
24	Income (Loss) Before Extraordinary Items.....	(1,446)	(5,055)
25	Extraordinary Items (Net of Income Taxes- 2001, \$ ____ ; 2000, \$ ____ ).....	-	-
26	Net Income (Loss).....	(1,446)	(5,055)

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

## NOT APPLICABLE

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999.....		\$		\$	\$	\$	\$	\$
2	Net Income (Loss) - 2000.....								
3	Contribution to Paid-in-Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6	.....								
7	.....								
8	.....								
9	.....								
10	Balance, December 31, 2000.....								
11	Net Income (Loss) - 2001.....								
12	Contribution to Paid-in-Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15	.....								
16	.....								
17	.....								
18	.....								
19	Balance, December 31, 2001.....		\$		\$	\$	\$	\$	\$

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000  
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	  (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999.....	\$187,242	(\$21,540)		\$165,702
2	Net Income (Loss) - 2000.....	-	6,620		6,620
3	Capital Contributions.....	-	-		-
4	Capital Withdrawals.....	-	-		-
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....				
8	.....				
9	.....				
10	Balance, December 31, 2000.....	187,242	(14,920)		172,322
11	Net Income (Loss) - 2001.....	-	4,002		4,002
12	Capital Contributions.....	-	-		-
13	Capital Withdrawals.....	-	-		-
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....				
17	.....				
18	.....				
19	Balance, September 30, 2001.....	\$187,242	(\$10,918)	\$0	\$176,324

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	15,878	19,725
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(5,793)	(10,093)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(6,644)	(6,833)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) by Investing Activities.....	(12,437)	(16,926)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(1,835)	(1,593)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals .....	-	-
21		-	-
22		-	-
23	Net Cash Provided (Used) by Financing Activities.....	(1,835)	(1,593)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	1,606	1,206
25	Cash and Cash Equivalents at Beginning of Period.....	40,460	39,254
26	Cash and Cash Equivalents at End of Period.....	42,066	40,460
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	93,577	95,318
28	Income Taxes.....	-	-

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	4,002	6,620
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	33,821	35,585
31	Amortization of Other Assets.....	-	-
32	Amortization of Debt Discount or Premium.....	2,733	3,066
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	2,330	3,669
37	(Gain) Loss from Other Investment Activities.....	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	327	1,044
39	Net (Increase) Decrease in Inventories.....	329	178
40	Net (Increase) Decrease in Other Current Assets.....	257	(88)
41	Net (Increase) Decrease in Other Assets.....	(31,034)	(27,707)
42	Net Increase (Decrease) in Accounts Payable.....	(280)	827
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	3,393	(3,469)
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	-	-
45		-	-
46		-	-
47	Net Cash Provided (Used) by Operating Activities.....	15,878	19,725

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	12,253	11,298
49	Less: Capital Lease Obligations Incurred.....	(6,460)	(1,205)
50	Cash Outflows for Property and Equipment.....	5,793	10,093
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	-	-
52	Goodwill Acquired.....	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	-	-
54	Long-Term Debt Assumed.....	-	-
55	Issuance of Stock or Capital Invested.....	-	-
56	Cash Outflows to Acquire Business Entities.....	0	0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	-	-
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	0	0

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.



TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	58,626	\$ 5,655		
2	Food	547,678	6,168		
3	Beverage	1,502,366	2,495		
4	Travel			14,946	\$ 1,693
5	Bus Program Cash			110,243	1,464
6	Other Cash Comps			527,465	15,185
7	Entertainment	3,748	212	5,068	250
8	Retail & Gifts			61,049	1,694
9	Parking				
10	Other	3,651	280	28,352	401
11	Total	2,116,069	\$ 14,810	747,123	\$ 20,687

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	275,635	\$ 23,558		
2	Food	2,351,086	25,205		
3	Beverage	6,280,107	10,269		
4	Travel			69,179	\$ 7,437
5	Bus Program Cash			563,659	8,292
6	Other Cash Comps			2,447,707	63,280
7	Entertainment	27,838	1,268	14,868	687
8	Retail & Gifts			213,419	6,451
9	Parking				
10	Other	15,041	1,093	128,091	1,826
11	Total	8,949,707	\$ 61,393	3,436,923	\$ 87,973

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
**(Unaudited)**

**NOTE 1 - ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Operation:

Trump Taj Mahal Associates ("Taj Associates") is 100% beneficially owned by Trump Atlantic City Associates ("Trump AC"). Trump AC is 100% beneficially owned by Trump Hotels & Casino Resorts Holdings L.P. ("THCR Holdings") which is a 63.4% owned subsidiary of Trump Hotels & Casino Resorts, Inc. ("THCR"). In addition, Trump AC beneficially wholly owns Trump Plaza Associates ("Plaza Associates"), the owner and operator of the Trump Plaza Casino Hotel located in Atlantic City, New Jersey.

Taj Associates owns and operates the Trump Taj Mahal Casino Resort (the "Taj Mahal"), an Atlantic City, New Jersey hotel, casino and convention center complex. The industry in which the Taj Mahal operates is subject to intense competition and regulatory review.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Gaming revenues represent the net win from gaming activities, which is the difference between amounts wagered and amounts won by patrons. Revenues from hotel and other services are recognized at the time the related service is performed.

Taj Associates provides an allowance for doubtful accounts arising from casino, hotel and other services which is based upon a specific review of outstanding receivables as well as historical collection information. In determining the amount of the allowance, management is required to make certain estimates and assumptions regarding the timing and amount of collections. Actual results could differ from those estimates and assumptions.

Promotional Allowances

The retail value of accommodations, food, beverage and other services provided to customers without charge is included in gross revenue and deducted as promotional allowances. The estimated departmental costs of providing such promotional allowances are included in costs of goods and services in the accompanying statements of income and consists of:

	Years Ended December 31,	
	2001	2,000
Rooms .....	\$ 10,393,000	\$ 10,290,000
Food and Beverage .....	33,602,000	33,906,000
Other .....	4,228,000	5,195,000
	<u>\$ 48,223,000</u>	<u>\$ 49,391,000</u>

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
**(Unaudited)**

Income Taxes

State income taxes are recorded in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted tax rates.

The accompanying financial statements do not include a provision for federal income taxes since any income or losses allocated to the partners are reportable for federal income tax purposes by the partners.

Under the New Jersey Casino Control Act (the "Casino Control Act"), Taj Associates is required to file a New Jersey corporation business tax return. As of December 31, 2001, Taj Associates had a net operating loss carry-forward of approximately \$118,900,000 for New Jersey State Income Tax purposes. A valuation allowance of \$118,900,000 has been provided for the deferred tax benefits of the operating loss carry-forwards.

Inventories

Inventories of provisions and supplies are carried at the lower of cost (weighted average) or market.

Property and Equipment

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from three to seven years for furniture, fixtures and equipment and 40 years for buildings and building improvements. Leasehold improvements are amortized over the term of the related lease commencing in the period these assets are placed in service.

Long-Lived Assets

The provisions of Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets" ("SFAS No. 121") requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstance indicate that the carrying amount of an asset may not be fully recoverable. Impairment of long-lived assets exists, if, at a minimum, the future expected cash flows (undiscounted and without interest charges), from an entity's operations are less than the carrying value of these assets. Taj Associates does not believe that any such changes have occurred.

Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include hotel and casino funds, funds on deposit with banks and temporary investments purchased with a maturity of three months or less.

Recent Accounting Pronouncements

In July 2001, the FASB issued Statement No. 141 "Business Combinations" ("SFAS 141") and Statement No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 is effective as follows: a) use of the pooling-of-interest method is prohibited for business combinations initiated after June 30, 2001; and b) the provisions of SFAS 141 also apply to all business combinations accounted for by the purchase method that are completed after June 30, 2001. SFAS 142 is effective for fiscal years beginning after December 15, 2001 and applies to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized. Taj Associates does not believe that the provisions of SFAS 141 and SFAS 142 will have a material effect on its financial position or results of operations.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
**(Unaudited)**

Also in July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This standard addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard is effective for fiscal years beginning after June 15, 2002. The Partnership's management does not expect the adoption of SFAS No. 143 to have a material impact on the Partnership's financial results.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets". This standard addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The standard is effective for fiscal years beginning after December 15, 2001. The Partnership's management does not expect the adoption of SFAS No. 144 to have a material impact on the Partnership's financial results.

In November 2001, the EITF reached a consensus on Issue No. 01-09, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" ("EITF 01-09"). For a sales incentive offered voluntarily by a vendor to its patrons, EITF 01-09 requires the vendor to recognize the cost of the sales incentive at the later of the date at which the related revenue is recorded by the vendor, or the date at which the sales incentive is offered. Accordingly, at December 31, 2001, the Partnership has accrued for the expected cost of certain cash incentives offered to casino patrons based on their past levels of play. Application of EITF 01-09 is required in annual or interim financial statements for periods beginning after December 15, 2001. The Partnership elected to adopt EITF 01-09 in the quarter ended December 31, 2001. The adoption of EITF 01-09 did not have a material impact on Trump AC's financial results.

**Reclassifications**

Certain reclassifications have been made to prior year financial statements to conform to the current year presentation.

**NOTE 3 - PROPERTY AND EQUIPMENT**

	December 31,	
	2001	2000
	(in thousands)	
Land	\$ 74,568	\$ 74,568
Buildings	899,907	883,356
Furniture, fixtures and equipment	103,891	96,416
Construction in progress	5,282	13,419
Total	<u>1,083,648</u>	<u>1,067,759</u>
Less Accumulated Depreciation (Note 2)	<u>(211,280)</u>	<u>(180,110)</u>
Net Property and Equipment	<u>\$ 872,368</u>	<u>\$ 887,649</u>

**NOTE 4 - LONG TERM DEBT**

Long term debt consists of the following:

	December 31,	
	2001	2000
	(in thousands)	
<b><u>Long-term Portion</u></b>		
Due to affiliates:		
Note Payable - Trump AC (a)	\$ <u>800,000</u>	\$ <u>800,000</u>
Other:		
Capital lease obligations (b)	\$ <u>4,162</u>	\$ <u>535</u>
<b><u>Current Portion</u></b>		
Other:		
Capital lease obligations (b)	\$ <u>2,129</u>	\$ <u>1,131</u>

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
**(Unaudited)**

	Year ended December 31,	
	2001	2000
	(in thousands)	
<b><u>Interest Expense - Affiliates</u></b>		
Trump AC (a)	\$ 90,000	\$ 90,000
Amortization - deferred loan costs (a)	2,733	3,066
Total	<u>\$ 92,733</u>	<u>\$ 93,066</u>
<b><u>Interest Expense - External</u></b>		
Capital lease obligations (b)	<u>\$ 577</u>	<u>\$ 318</u>

	Three months ended December 31,	
	2001	2000
	(in thousands)	
<b><u>Interest Expense - Affiliates</u></b>		
Trump AC (a)	\$ 22,500	\$ 22,500
Amortization - deferred loan costs (a)	654	734
Total	<u>\$ 23,154</u>	<u>\$ 23,234</u>
<b><u>Interest Expense - External</u></b>		
Capital leases (b)	<u>\$ 233</u>	<u>\$ 44</u>

**Borrowings:**

- (a) Trump AC together with Trump Atlantic City Funding, a wholly owned subsidiary of Trump AC, ("Trump AC Funding") issued the Trump Atlantic City Mortgage Notes ("Trump AC Mortgage Notes") in the aggregate principal amount of \$1,200,000,000 which bear interest at 11.25% and are due May 1, 2006. Interest on the Trump AC Mortgage Notes is due semi-annually. The Trump AC Mortgage Notes are guaranteed as to payment of principal and interest jointly and severally by Taj Associates, Plaza Associates, Trump AC and all future subsidiaries of Trump AC (other than Trump AC Funding). The Trump AC Mortgage Notes are jointly and severally secured by mortgages representing a first lien and security interest on substantially all the assets of Taj Associates and Plaza Associates.

From the proceeds of the issuance of the Trump AC Mortgage Notes, Trump AC loaned \$800,000,000 to Taj Associates with interest at 11.25%, due May 1, 2006 with the same terms as the Trump AC Mortgage Notes. Costs of \$29,467,000 associated with the issuance of the Trump AC Mortgage Notes are being amortized by Taj Associates using the effective interest method over the term of the Trump AC Mortgage Notes. Amortization is included in interest expense on the accompanying statements of income and totaled \$2,733,000 and \$3,066,000 for the years ended December 31, 2001 and 2000, respectively.

- (b) Interest on these capitalized leases are payable with interest rates ranging from 5.0% to 13.9%. The leases are due at various dates between 2002 and 2005 and are secured by the equipment financed.

The Trump AC Mortgage Notes include restrictive covenants prohibiting or limiting, among other things, the sale of assets, the making of acquisitions and other investments, certain capital expenditures, the incurrence of additional debt and liens and the payment of dividends and distributions.

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Future minimum payments under capital leases (principal portion included in the table of debt maturities below) are as follows:

2002 .....	\$	2,674,000
2003 .....		2,069,000
2004 .....		2,019,000
2005 .....		612,000
Total Minimum Payments .....		7,374,000
Less—Amount representing interest .....		1,083,000
Present Value of minimum lease payments .....	\$	<u>6,291,000</u>

The aggregate maturities of long-term debt as of December 31, 2001 are as follows:

2002 .....	\$	2,129,000
2003 .....		1,706,000
2004 .....		1,852,000
2005 .....		604,000
2006 .....		800,000,000
Thereafter .....		—

The ability of Taj Associates to repay its long-term debt when due will depend on its ability to either generate cash from operations sufficient for such purposes or its ability to refinance such indebtedness. Cash flow from operations will not be sufficient to repay a substantial portion of the principal amount of the indebtedness upon maturity. The future operating performance of Taj Associates and its ability to refinance such indebtedness will be subject to the then prevailing economic conditions, industry conditions and numerous other financial, business and other factors, many of which are beyond the control of Taj Associates. There can be no assurances that the future operating performance of Taj Associates will be sufficient to meet these repayment obligations or that the general state of the economy, the status of the capital markets or the receptiveness of the capital markets to the gaming industry will be conducive to refinancing this debt or other attempts to raise capital.

**NOTE 5 - OTHER ACCRUED EXPENSES**

	December 31,	
	2001	2000
	(in thousands)	
Accrued interest	\$ 7,000	\$ 10,000
Accrued advertising/marketing	1,297	1,138
Accrued payroll & related	12,510	14,153
Accrued CRDA obligation	1,579	1,567
Accrued litigation	694	922
Other **	4,927	5,374
Total	<u>\$ 28,007</u>	<u>33,154</u>

\*\* None of the individual components of Other exceed 5% of the total.

**NOTE 6 - TRANSACTIONS WITH AFFILIATES**

Taj Associates has engaged in certain transactions with Donald J. Trump ("Trump") and entities that are wholly or partially owned by Trump. Amounts receivable from (owed to) are as follows:

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
**(Unaudited)**

	2001	December 31, 2000
	(in thousands)	
Affiliates:		
Trump Castle Associates (a)	\$ 610	\$ 246
Plaza Associates (a)	(9)	(460)
THCR (a)	(977)	(813)
TCS/Trump Administration (a)	6,624	3,081
Trump AC (a)	64,325	44,150
Trump Organization (a)	—	283
	<u>\$ 70,573</u>	<u>\$ 46,487</u>

(a) Taj Associates engages in various transactions with the other Atlantic City hotel/casinos and related casino entities owned by Trump. These transactions are charged at cost or normal selling price in the case of retail items and include certain shared professional fees, insurance, payroll costs, warehoused operating inventories and advertising as well as complimentary services offered to customers.

The Taj Mahal utilizes certain facilities owned by Trump to entertain high-end customers. Management believes that the ability to utilize these facilities has enhanced Taj Associates revenues. In 2001 and 2000, Taj Associates incurred approximately \$270,000 and \$345,000, respectively, in customer expense costs associated with such utilization. In exchange for having Trump's plane available to customers of the Taj Mahal, Taj Associates has incurred pilot costs of approximately \$126,000 and \$126,000 for the years ended December 2001 and 2000, respectively.

Trump Casino Services, L.L.C. ("TCS"), a New Jersey limited liability company, was formed for the purpose of realizing cost savings and operational synergies by consolidating certain administrative functions of, and providing certain services to, Plaza Associates, Trump's Castle Associates, L.P., a New Jersey limited partnership and operator of the Trump Marina Hotel Casino in Atlantic City, New Jersey ("Castle Associates") and Taj Associates. Effective December 31, 2000, TCS was merged into Taj Associates, and the obligations and administrative duties and responsibilities of TCS were assumed by Trump Administration, a separate division of Taj Associates ("Trump Administration"). Management believes that Trump Administration's services will continue to result in substantial cost savings and operational synergies.

	Year ended December 31, 2001	2000
	(in thousands)	
Taj Associates incurred costs for these services:		
• Castle Associates	\$ 158	\$ 103
• Plaza Associates	166	102
• TCS/Trump Administration	11,444	15,114
• THCR	634	598

	Year ended December 31, 2001	2000
	(in thousands)	
Taj Associates charged costs for these services:		
• Castle Associates	\$ 522	\$ 224
• Plaza Associates	617	150
• TCS/Trump Administration	636	1,749
• THCR	469	340

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**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

Leases and Employment Agreements

Taj Associates has employment agreements with certain key employees as well as various noncancellable operating leases. The agreements and leases expire at various dates through 2003. At December 31, 2001, minimum commitments under these arrangements are as follows:

2002 .....	\$	5,907,000
2003 .....	\$	2,192,000
2004 .....	\$	509,000

Rent expense was approximately \$3,699,000 and \$3,500,000 for the years ended December 31, 2001 and 2000, respectively.

Taj Associates received a permit under the Coastal Area Facilities Review Act ("CAFRA") (which included a condition of Taj Associates' casino license) that initially required Taj Associates to begin construction of certain improvements on the Steel Pier (an amusement pier located on the boardwalk adjacent to the Taj Mahal) by October 1992, which improvements were to be completed within 18 months of commencement. Taj Associates initially proposed a concept to improve the Steel Pier, the estimated cost of which was \$30,000,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates obtained a modification of its CAFRA permit providing for the extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually, based upon an interim use of the Steel Pier as an amusement park. The pier sublease terminates on December 31, 2003 unless extended.

Employee Benefit Plan

Effective January 1, 1989, Taj Associates established the Taj Mahal Retirement Savings Plan. Effective August 31, 1999 the Trump Marina Retirement Savings Plan was merged into the Taj Mahal Retirement Savings Plan which was then renamed the Trump Capital Accumulation Plan ("the Benefit Plan") for its employees over 21 years of age who are not covered by a collective bargaining agreement. The Benefit Plan is structured to qualify for favorable tax treatment under Section 401(k) of the Internal Revenue Code. The plan allows eligible participants to contribute up to 20% of their salary (certain limits apply, as defined) to the Benefit Plan with a matching Taj Associates' contribution of 50% of the first 6% of such employee salary contribution. The funds are invested by a Benefit Plan trustee. Taj Associates' contributions for the years ended December 31, 2001 and December 31, 2000 were \$2,001,000 and \$2,006,000, respectively.

Taj Associates makes payments to various trustee multi employer pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. Under the Employee Retirement Income Security Act, Taj Associates may be liable for its share of the plan's unfunded liabilities, if any, if the plans are terminated. Pension expense for the years ended December 31, 2001 and December 31, 2000 were \$2,242,000 and \$1,896,000 respectively.

Casino License Renewal

The operation of an Atlantic City hotel and casino is subject to significant regulatory controls which affect virtually all of its operations. Under the Casino Control Act, Taj Associates is required to maintain certain licenses. Casino licenses must be renewed periodically, are not transferable, are dependent on the financial stability of the licensee and can be revoked at any time.

In June 1999, the Casino Control Commission (the "CCC") renewed Taj Associates' casino license to operate the Taj Mahal for a period of four years through March 31, 2003. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Casino Control Act provides for the mandatory appointment of a conservator to take possession of



**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
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the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

**Legal Proceedings**

Taj Associates, its Partners, certain members of its former Executive Committee, and certain of its employees, have been involved in various legal proceedings. In general, Taj Associates has agreed to indemnify such persons against any and all losses, claims, damages, expenses (including reasonable costs, disbursements and counsel fees) and liabilities (including amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties) incurred by them in said legal proceedings.

Various legal proceedings are now pending against Taj Associates. Taj Associates considers all such proceedings to be ordinary litigation incident to the character of its business. Taj Associates believe that the resolution of these claims will not, individually or in the aggregate, have a material adverse effect on their financial condition or results of operations.

Taj Associates is also a party to various administrative proceedings involving allegations that they have violated certain provisions of the Casino Control Act. Taj Associates believes that the final outcome of these proceedings will not, either individually or in the aggregate, have a material adverse effect on its financial condition, results of operations or on the ability of Taj Associates to otherwise retain or renew any casino or other licenses required under the Casino Control Act for the operation of the property.

**Self-Insurance Reserves**

Self-insurance reserves represent the estimated amounts of uninsured claims related to employee health medical costs, workmans' compensation and personal injury claims that have occurred in the normal course of business. These reserves are established by management based upon specific review of open claims, with consideration of incurred but not reported claims as of the balance sheet date. The costs of the ultimate disposition of these claims may differ from these reserve amounts.

**Federal Income Tax Examination**

Taj Associates is currently involved in an examination with the Internal Revenue Service ("IRS") concerning Taj Associates' federal partnership income tax returns for the tax years 1994 through 1996. While any adjustment which results from this examination could affect Taj Associates' state income tax return, Taj Associates does not believe that adjustments, if any, will have a material adverse effect on its financial condition or results of operations.

**Investment Obligation**

Pursuant to the provisions of the Casino Control Act, Taj Associates, must either obtain investment tax credits (as defined in the Casino Control Act), in an amount equivalent to 1.25% of its gross casino revenues, or pay an alternative tax of 2.5% of its gross casino revenues (as defined in the Casino Control Act). Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority ("CRDA"). Taj Associates intend on satisfying its obligations primarily by depositing funds to be used for the purchase of bonds or by making qualified investments. Taj Associates is required to make quarterly deposits with the CRDA based on 1.25% of its gross revenue. For the years ended December 31, 2001 and 2000, Taj Associates charged to operations \$2,219,000 and \$2,287,000 respectively, to give effect to the below market interest rates associated with CRDA bonds that have either been issued or are expected to be issued from funds deposited. From time to time, Taj Associates has elected to donate funds it has on deposit with the CRDA for various projects. Donations in the amounts of \$333,000 and \$2,457,000 were made during the years ended December 31, 2001 and 2000, respectively. As a result of these donations, Taj Associates charged the carrying value to operations of \$111,000 and \$1,382,000 during the years ended December 31, 2001 and 2000.

**Concentrations of Credit Risks**

In accordance with casino industry practice, Taj Associates extends credit to qualified casino patrons, after background checks and investigations of credit worthiness. For the years ended December 31, 2001 and 2000, approximately 21.3% and 26.3%, respectively, of casino receivables (before allowances) were from customers whose primary residence is outside

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**  
**(Unaudited)**

the United States, and approximately 7.6% and 10.0%, respectively, represents credit extended to patrons from the Far East.

**NOTE 8 - FAIR VALUE OF INSTRUMENTS**

The carrying amount of the following financial instruments of Taj Associates approximate fair value, as follows: (a) cash and cash equivalents and accrued interest payable are based on the short-term nature of the financial instruments; and (b) CRDA deposits are based on the valuation allowances to give effect to the below market interest rates (See Note 7).

The estimated fair values of the other financial instruments are as follows:

	<u>December 31,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
	(in thousands)	
Note Payable - Trump AC		
Carrying Amount .....	\$ 800,000	\$ 800,000
Fair Value .....	\$ 520,000	\$ 528,000

The fair value of the Trump AC Mortgage Notes is based on quoted prices as of December 31, 2001 and 2000. There are no quoted market prices for other debt and a reasonable estimate could not be made without incurring excessive costs.

# STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

STATE OF NEW JERSEY :  
:SS,  
COUNTY OF ATLANTIC :

James L. Wright, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Subscribed and sworn to before  
me this 29<sup>TH</sup> day of March, 2002

James L. Wright  
Signature

Vice President of Finance  
Title

Maureen English  
Signature

003507-11  
License Number

Maureen English  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires August 5, 2005  
Basis of Authority  
to Take Oaths

On Behalf Of:

Trump Taj Mahal Casino Resort  
Casino Licensee

## ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001

(\$ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES at December 31 (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
1	CASINO				
1	ADMINISTRATION	10	\$621	\$170	\$791
2	GAMING	1,370	29,890	97	29,988
3	SLOTS	300	7,990	0	7,990
4	CASINO ACCOUNTING	574	12,618	136	12,754
5	SIMULCASTING	9	333	0	333
6	OTHER	18	568	84	651
7	TOTAL-CASINO	2,281	52,020	487	52,507
8	ROOMS	353	8,075	139	8,214
9	FOOD AND BEVERAGE	1,279	23,965	149	24,114
10	OTHER OPERATED DEPARTMENTS				
11	COMMUNICATIONS	27	568	0	568
12	HEALTH CLUB	17	318	0	318
13	RETAIL ADMINISTRARION	4	86	0	86
14	RETAIL OPERATIONS	11	204	0	204
15					
16					
17					
18					
19					
20	ADMINISTRATIVE AND GENERAL EXECUTIVE OFFICE	3	282	573	855
21	ACCOUNTING AND AUDITING	150	3,993	294	4,287
22	SECURITY	410	9,793	66	9,859
23	OTHER ADMINISTRATIVE AND GENERAL DEPARTMENTS	296	7,373	154	7,527
24	MARKETING	242	8,717	2,674	11,391
25	GUEST ENTERTAINMENT	126	3,135	0	3,135
26	PROPERTY OPERATION AND MAINTENANCE	411	13,373	0	13,373
27	TOTALS-ALL DEPARTMENTS	5,610	\$131,902	\$4,536	\$136,438

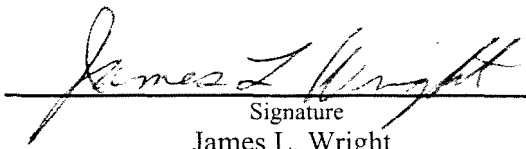
TRADING NAME OF LICENSEE:

TRUMP TAJ MAHAL ASSOCIATES

**ANNUAL EMPLOYMENT AND PAYROLL REPORT  
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2001

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

  
\_\_\_\_\_  
Signature  
James L. Wright

3/27/02  
\_\_\_\_\_  
Date

Vice President of Finance  
\_\_\_\_\_  
Title

TRADING NAME OF LICENSEE : TRUMP TAJ MAHAL CASINO RESORT

## GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2001  
(\$ in Thousands)

Amended

4/2/02

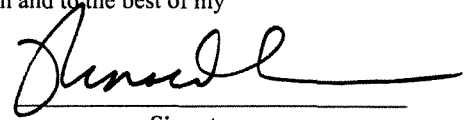
Line

CASINO WIN:

1.	Table and Other Games Win.....	\$185,455
2.	Slot Machines Win.....	\$349,858
3.	Total Win.....	\$535,313
Less - Adjustment for Uncollectible Patrons' Checks:		
4.	Provision for Uncollectible Patrons' Checks .....	\$2,811
5.	Maximum Adjustment (4% of line 3) .....	\$21,413
6.	Adjustment (the lesser of line 4 or line 5) .....	2811
7.	Gross Revenue (line 3 less line 6).....	\$532,502
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	\$42,600
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years .....	\$0
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	\$42,600
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	(\$42,600)
Settlement of Prior Years' Tax on Gross Revenue		
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits .....	\$0
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12) .....	\$0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

3/29/02  
Date

  
Signature  
VP / CASINO FINANCE  
Title of Officer

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

## ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$ 7,921		
2	Returned Patrons' Checks.....	\$ 20,312		
3	Total Patrons' Checks.....	\$ 28,233	\$ (9,859)	\$ 18,374
4	Hotel Receivables.....	\$ 1,530	\$ (177)	\$ 1,353
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	\$ -		
6	Receivables Due from Affiliates.....	\$ -		
7	Other Accounts and Notes Receivables.....	\$ 1,362		
8	Total Other Receivables.....	\$ 1,362	\$ -	\$ 1,362
9	Totals (Form CCC-205).....	\$ 31,125	\$ (10,036)	\$ 21,089

## UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 6,507
11	Counter Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits).....	\$ 245,669
12	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits).....	\$ (170,479)
13	Checks Collected Through Deposits.....	\$ (57,361)
14	Checks Transferred to Returned Checks.....	\$ (16,415)
15	Other Adjustments.....	
16	Ending Balance.....	\$ 7,921
17	"Hold" Checks Included in Balance on Line 16.....	\$ -
18	Provision for Uncollectible Patrons' Checks.....	\$ 2,811
19	Provision as a Percent of Counter Checks Issued.....	1.14%

Under penalties of perjury, I declare that I have examined this Schedule of Receivables and Patrons' Checks and to the best of my knowledge and belief, it is true and complete.

Date

3/5-1/2

Signature

James H. Knight

Title of Officer

CCC-340